

Stradley Ronon Stevens & Young, LLP
2005 Market Street
Suite 2600
Philadelphia, PA 19103-7018
215.564.8000 Telephone
215.564.8120 Facsimile
www.stradley.com

With other offices in:
Washington, D.C.
New York
New Jersey
Illinois
Delaware



www.meritas.org

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IRS Updates FAQs on Paid Sick and Family Leave Credits

The IRS has [announced](#) that it has updated the [frequently asked questions \(FAQs\)](#) on the paid sick and family leave tax credits. (See our prior coverage [here](#).) The FAQs address the tax credits available under the American Rescue Plan Act of 2021 to eligible employers for qualified sick and family leave wages paid with respect to leave taken by employees beginning on April 1, 2021 through Sept. 30, 2021, as well as the equivalent credits available for certain self-employed individuals. The updates clarify that eligible employers can claim the credits for providing leave to employees to accompany a family or household member or certain other individuals to obtain immunization relating to COVID-19 or to care for a family or household member or certain other individuals recovering from the immunization.

IRS Issues Branch Currency Transactions Practice Unit

The IRS has issued a [practice unit](#) that provides an overview of Section 987 and branch operations in a foreign currency. (Section references are to the Internal Revenue Code of 1986, as amended.) Generally, Section 987 applies to operations being conducted by a foreign branch of a U.S. entity when that foreign branch has a different functional currency than its owner. The foreign branch computes its income or loss separately from the owner in its functional currency and then that is converted to the owner's functional currency at the appropriate exchange rate. The practice unit covers the general rules under Section 987 for computing the annual income of a branch and converting it into the owner's functional currency and the different methodologies that are available. It also covers special situations, like a remittance, which occurs when a branch transfers money back to its owner (or another branch of the owner) and may cause the owner to recognize foreign currency gain or loss under Section 987 and terminations of a branch.

NJ PPE Manufacturing Tax Credit

The New Jersey Economic Development Agency released a [summary](#) of the requirements to qualify for the personal protective equipment (PPE) manufacturing tax credit (PPE Manufacturing Tax Credit), which is available for the 2020, 2021 and 2022 tax years. To receive tax credits, a project must: (1) manufacture PPE and other equipment designed to protect the wearer from the spread of infection or illness; (2) create a minimum number of new jobs; (3) meet a minimum investment threshold for new construction or the improvement or fit-out of existing facilities and (4) be located in an approved redevelopment or rehabilitation area, Smart Growth Area, or a facility engaged in a research collaboration or an apprenticeship or pre-apprenticeship program with a New Jersey educational institution or in large, long-vacant building. Projects can receive a base tax credit of \$10,000 per new job created, up to an annual program cap of \$10 million. Individual projects are subject to an annual cap of \$500,000. PPE Manufacturing Tax Credits that exceed the amount that a taxpayer owes shall be treated as a refundable overpayment. A PPE Manufacturing Tax Credit for new or retained jobs will not apply if the taxpayer is receiving a tax credit incentive award for the same jobs under the Emerge Program.

For more information, contact **Christopher C. Scarpa** at 215.564.8106 or cscarpa@stradley.com or **Jacquelyn Gordon** at 215.564.8176 or jgordon@stradley.com.